



Meeting of the Real Estate Committee
 Wednesday, June 5, 2019, 9:00 AM - 10:30 AM
 Quarters 2, Beacon Hill Campus
 1200 12th Ave South, Seattle, WA

MEMBERS PRESENT		NOT PRESENT	ALSO PRESENT	
Bob Cook	Paul Feldman	Gloria Burton	Jeff Natter	Denise Stiffarm
Doris Koo	Sue Taoka		Ellie Menzies	Michael Finch
			Gene Yoon	

The Real Estate Committee Chair Doris Koo called the meeting to order at 9:09 AM. A quorum was present. There was no public comment.

Consent Calendar Minutes

The Real Estate Committee voted to approve the May 1, 2019 minutes and the amended Special Meeting minutes from May 17, 2019 (Moved/2nded by Sue Taoka/Bob Cook, 5 of 5 in favor)

Update on Quarters Leasing

The Executive Director updated the Real Estate Committee on Tower campus property activities:

- PacMed is currently not interested in re-leasing the majority of the Quarters buildings, with the possible exception of Quarters 10.
 - The PHPDA would like to lease all clinic and basement space as a package.
- The Committee discussed hiring arborist and ADA compliance on the Quarters buildings.
- Michael Finch will have a lease proposal to review by next month.
- November 2020 is when the federal deed restrictions terminate.
- Maintenance and repair proposals will be sent to PacMed with improvement estimates. The Committee discussed budget impacts and collaborating with the Finance Committee.

Review of North Lot Sale versus Leasing Issues

In response to interests from Governing Council Members, Legal Counsel Denise Stiffarm reviewed the comparison between sale and lease of the North Lot. A summary sheet on the comparisons was handed out to the Real Estate Committee:

- Risks were discussed by the Committee in both scenarios. The biggest difference is that the sale option gives more certainty to the PHPDA with SCIDpda taking on more of the risks. The Sale also has the advantage of being simpler to implement.
- These comparisons will be shared with the Governing Council.

Update on North Lot Project

Executive Director Jeff Natter and Real Estate Consultant Michael Finch provided an update on the North Lot negotiations with SCIDpda.

- SCIDpda responded to PHPDA's term sheet with the following:
 - (a) earnest money deposit at execution of purchase and sale agreement;
 - (b) proposed payment of \$1.5 mil at closing (10/31/2021), with remaining balance paid via a Seller Note to PHPDA every 2 years at \$500 k, financed over 25 years at 2% simple interest.

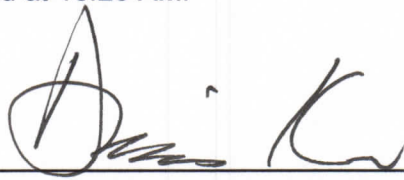


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- The Committee discussed various risks inherent in SCIDpda's proposal:
 - The PHPDA would be in a less advantage position when interest rates are typically higher in the market.
 - With this structure, we would be in a secondary position behind investors and banks (tax credit and commercial debt would be first position.)
 - Building B is still uncertain with construction completion risks.
- Next steps:
 - Respond to SCIDpda with PHPDA's timing concerns, as well as our unwillingness to accept a Seller Note to finance \$5M of the purchase price. Michael Finch will draft.
 - Move forward to brief Governing Council and hope to bring final proposal for GC consideration and approval by the July meeting.. A Special Real Estate Meeting may be needed.
 - The PHPDA will upload an advanced notice for public meeting to discuss the Sales agreement for the Governing Council to vote on its approval.
 - Division of the lot was discussed to sell Building B as a separate parcel. The Committee prefers a master plan that encompasses the North Lot rather than dividing the lot into two.

Adjournment

The meeting adjourned at 10:25 AM.

Minutes approved:  7/2/2019
(Date)